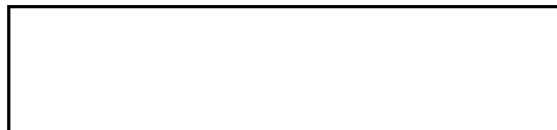


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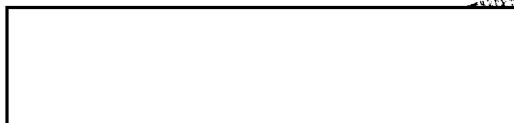
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/59

12 May 1958

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
25 April - 8 May 1958

The rapid implementation by various Bloc countries of agreements to supply Indonesia with military equipment and technical services is the most important development in the economic activities of the Sino-Soviet Bloc in underdeveloped countries of the Free World during the period 25 April - 8 May 1958. [REDACTED]

[REDACTED] Arms, ammunition, and a number of military technicians also have arrived from the Bloc, probably through the port of Surabaya. Although the government of Indonesia has been reluctant to acknowledge military aid from the Bloc, it is significant that Prime Minister Djuanda admitted on 6 May that the first shipment of MIG trainer aircraft from the Bloc had arrived in Indonesia.

Hungary has offered to the Communist state of Kerala in southern India economic aid in starting an aluminum plant and assisting a porcelain factory. The USSR is providing the necessary machinery, oil experts, and technicians for the oil-drilling operations recently begun in the state of Bombay. The USSR also is assisting the Indian government in similar operations in the state of Punjab and thus far has extended credits of approximately \$3.6 million for the petroleum exploration program of India.

The USSR has agreed to the request of President Nasser of the UAR that Soviet economic agreements with Egypt and Syria be brought together under one agreement between the USSR and the UAR. A new trade agreement has been concluded between the USSR and Morocco calling for an exchange of products valued at \$14.2 million as well as for the establishment of clearing accounts in Rabat and Moscow, thus bypassing franc zone channels.

Work on various construction projects being carried out by the USSR in Burma is progressing. The cornerstone of the main building of the Technological Institute in Rangoon was laid on 21 April,

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and construction of the hospital in Taunggyi is reported to be well under way. Work also has begun on a hotel and other construction projects at Inye Lake in the Rangoon area.

Poland and Japan signed a treaty of commerce and a trade and payments agreement on 26 April. Although Polish-Japanese trade is of minor importance to both countries, the exchange of documents at the government level enhances Poland's prestige and is in keeping with Polish efforts to expand formal relations with countries of the Free World.

During March and April the Bloc purchased from Cuba 143,225 metric tons of sugar valued at about \$10.4 million. Bloc purchases for the January-April period, which totaled \$18.5 million, were considerably below purchases for the same period in 1957, which amounted to \$41.9 million.

Since late 1954 the USSR and other Bloc countries have played an increasingly active part in international civil aviation. A number of bilateral air agreements have been concluded between members of the Soviet Bloc and underdeveloped countries in the Middle East and in South and Southeast Asia. Communist China has concluded one bilateral air agreement, a pact with Burma.

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